

ASX ANNOUNCEMENT

QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C

Period Ending 31 March 2026

Dated: 29 April 2026

1. Overview

Orbital Corporation Limited (ASX: OEC) presents its quarterly activities report for the period ended 31 March 2026. Orbital designs and manufactures integrated heavy-fuel propulsion systems (IPS) and flight-critical components for Group 2 and Group 3 tactical unmanned aerial vehicles (UAVs). The Company operates production facilities in Balcatta, Western Australia, and maintains in-service support capabilities in the United States.

Key highlights for the quarter to 31 March 2026 were the continued delivery across the Company's active production programs, ongoing product development activity to adapt to the changing regulatory environment, active engagement across the Company's new business pipeline and the securing of new customers across multiple regions in both the defence and commercial sectors.

Quarterly Cash Flow Report key metrics are:

- Cash receipts from customer of \$1.6 million (March 2025: \$3.0 million)
- Net cash outflows from operations of \$0.5 million (March 2025: inflow of \$0.7 million)
- Closing cash balance of \$2 million with an undrawn \$2 million standby working capital facility available

2. Production Activities

During the quarter, Orbital continued production and delivery activities across its engine programs servicing Tier 1 defence customers in the United States, South-East Asia, and the Asia-Pacific region. The Company's four propulsion system models - the 50cc, 75cc, 150cc and 350cc heavy-fuel engines (HFE) - are all in production or production-ready status in both military and commercial (COTS) configurations.

- **US programs:**

The Company's engines have now reached a cumulative total of 1 million hours of active flight operations over the past eight years with the US Navy through the Scan Eagle and Aerosonde 4.7[®] UAV platforms.

Production and delivery activities continued for the Textron Systems Aerosonde 4.8[®] program with 5 x 150HFE systems being built for delivery in Q1 of FY2027.

Engineering development work on the 75cc HFE power upgrade for the Textron Systems Aerosonde 4.7[®] program was completed during the period and an initial order for 25 power upgrade kits has been received

for delivery in Q1 & Q2 of FY2027. There have been over 1,300 Aerosonde 4.7[®] UAV's delivered into service, and the Company anticipates further orders for this power upgrade program.

Technical support activities for the Boeing Insitu Scan Eagle program which utilises the 50HFE system recommenced during the period.

The Company has delivered its first 350HFE ICE-Electric hybrid propulsion system to a US customer, and development work is continuing to integrate the system into the customer's heavy lift multi-rotor UAV which uses battery powered engines. The Orbital ICE-Electric hybrid propulsion system provides significant additional flight duration and range when used in conjunction with the standard battery powered engines.

- **Asia-Pacific programs:**

The initial production order for the 150HFE system for the Veloce 60 UAV program in Singapore was completed ahead of schedule. Discussions are underway for further supply of engines and spares parts, as well as an in-service support (ISS) Agreement with ST Engineering.

The Company has delivered 2x 350HFE systems for the Veloce 150 UAV program which are now currently undergoing flight testing.

Orbital has been working for the last 2 years as a strategic partner to Dynamatic Technologies Limited and its unmanned systems division Dynauton Systems to support the development of the Cheel tactical UAV program in India. Orbital will now supply Dynamatic with two products from its range of heavy-fuel two-stroke propulsion systems to power the Cheel.

During the period the Company delivered 4x 150HFE systems and has received an order for an initial 350HFE system. Dynamatic is seeking to be successful in tenders that have been initiated to support several Indian military acquisitions over the next twelve months.

- **Middle East programs:**

The Company has secured a Long-Term Distribution Agreement ("LTA") for the UAE market, whereby Orbital has secured a 5-year partnership to supply its 50HFE propulsion systems into the UAE. The initial order is for USD 1.1 million with the first engine deliveries scheduled for Q1 of FY2027 to a Sovereign Government customer.

- **Australian programs:**

The Company secured an initial order from Freespace Operations, a sovereign Australian OEM of heavy-lift multirotor drone systems, for a 150HFE ICE-Electric hybrid propulsion system.

The engine will be integrated as a hybrid range extender for Callisto Heavy Lift Drone platforms currently undergoing maritime logistics trials with the Royal Australian Navy.

3. Engineering and Product Development Activities

The Company continues to invest in the development of next-generation propulsion products to extend its addressable market across Group 2 & Group 3 UAV's in both the military and commercial sectors. In-development programs include:

- **ICE-Electric Hybrid Propulsion System:** A weight-optimised powertrain capable of operating in maximum-power, stealth, and long-duration modes. Based on both the 150HFE and 350HFE platforms, the systems deliver electrical power to support fixed-wing, hybrid VTOL, mono-copter and multi-copter configurations.
- **Generation 2 Power Management System (PMS):** The enhanced PMS provides increased customer output power (1,000W, 12 - 48V configurable), battery charging up to 1,000W, and remote-start capability for engines up to 350cc. The new PMS unit will be available to Orbital customers from Q2 of FY 2027.
- **500cc HFE Engine:** A higher-capacity heavy-fuel engine delivering more than 40HP with a target fuel consumption of ~330 g/kWh at typical cruise. Designed to meet increased payload demands from both military and commercial customers. Detailed design drawings have been completed and subject to market demand, early prototype builds are expected to commence during FY2027.

4. Business Development Activities & Market Environment

Orbital now has 12 active customers, 11 products, and sells into 5 geographic regions, reflecting the Company's significant commercial development since 2021 when the business operated with a single product and a single customer.

Unmanned aerial systems have transitioned from an emerging technology category to a critical battlefield asset, with the Russo-Ukraine conflict accelerating the shift in doctrine toward smaller, expendable Group 1 platforms for close target operations, and Group 2 & 3 platforms for intelligence, surveillance and reconnaissance (ISR) operations.

US Defence Market:

The US military Total Addressable Market (TAM) for Group 2/3 propulsion systems is estimated at US\$1.0–2.0 billion for the five-year period to CY2032.

The US Army's decision in May 2025 to halt procurement of the MQ-1C Gray Eagle, on the grounds of vulnerability in modern airspace environments, further validates the structural market shift toward Group 2 & 3 UAV systems - the precise segment Orbital serves.

US Army procurement of Group 2 & 3 UAV systems was placed on hold in 2025 whilst it pivoted to build Group 1 drone capability as a direct result of new battlefield tactics developed in the Russo-Ukrainian war.

US Commercial Market:

As a result of the regulatory reform around beyond visual line of sight (BVLOS) drone operations in the United States announced in June 2025, the Commercial TAM for Group 2 & 3 propulsion systems is now estimated at US\$1.5–2.2 billion over the five-year period to CY2032.

Australian Commercial Market:

BVLOS regulatory reforms are also being adopted by CASA in Australia which will enable the use of larger Group 2 & 3 UAV's to operate across multiple commercial flight operations, including infrastructure inspection, surveying & mapping, middle mile cargo operations, environmental monitoring and agricultural activities.

European Defence Market:

Orbital has entered into a Memorandum of Understanding (“MoU”) with Bertel O. Steen Defence & Security AS (“BOS DS”) in relation to the anticipated NATO Support and Procurement Agency (NSPA) tender with the Textron Systems Aerosonde 4.8® for a Tactical Unmanned Aerial Vehicle (“TUAS”) program, expected to be tendered in mid-2026.

BOS DS is a Norwegian-based defence and security company that operates as a local representative, advisor, distributor, and system integrator in the Nordic region and assists international defence manufacturers win, deliver, and support military and security programs in Norway and the wider Nordic region.

The MoU establishes the framework for bid preparation and program support activities. There is no certainty that the collaboration will result in a contract award.

5. Outlook

The key business focus for FY26 has been the continued development of the Company’s 350HFE system, Generation 2 Power Management System (PMS) and the new ICE-Electric Hybrid propulsion system. The Company has also extended its product range to include cost-competitive Commercial off-the-shelf engine variants to address rapidly evolving opportunities in the commercial sector.

The Company also implemented a business efficiency and cost reduction plan, which reduced FTE headcount from 54 in July 2025 to 42 at the end of the quarter and reduced product costs through engineering and supply chain optimisation.

The Company has now added three new business programs to complement the existing Orbital Partnership Program, resulting in four complementary revenue streams:

- i) The Orbital Partnership Program,
- ii) Orbital Commercial off-the-shelf engines,
- iii) In-Service Support contracts and
- iv) Power by the Hour (performance-based contracts).

Together, these channels are expected to broaden customer acquisition pathways, increase life-of-engine revenue potential and support future revenue growth.

At the end of the Quarter, the Company has an order book for 27 propulsion systems for delivery in early FY27 with a further 18 propulsion systems currently scheduled for production in the next 4 months.

The Company's new business opportunity pipeline currently stands at A\$43 million (excluding US military programs and Power by the Hour opportunities).

This pipeline represents qualified opportunities in multiple markets including the USA, Asia-Pacific, Europe, the Middle East and Australia, and includes both defence programs and the emerging commercial sector.

The timing and quantum of future production volumes and revenues relating to the pipeline opportunities cannot reasonably be forecast at this time

The Company remains focused on the following priorities for the balance of FY26 and into FY27:

- **Revenue growth:** Acquisition and delivery of new production program contracts identified in the new business pipeline.
- **New business development:** Continued active engagement across each of the Company's four revenue streams.
- **Product development:** Continued development of the ICE-Electric Hybrid system, and Generation 2 PMS to extend the addressable market for hybrid commercial applications.
- **Capital and cash management:** The Board continues to assess funding requirements to ensure adequate liquidity to support production ramp-up and new program investment. Any material capital initiatives will be disclosed to the market in accordance with ASX Listing Rule 3.1.

6. Appendix 4C Quarterly Cash Flow Report

The Company's quarterly cash flow report for entities subject to Listing Rule 4.7B is attached.

-ENDS-

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Forward-Looking Statements

This release includes forward-looking statements that involve risks and uncertainties. These forward-looking statements are based upon management's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of the Company, that could cause actual results to differ materially from such statements. Actual results and events may differ significantly from those projected in the forward-looking statements as a result of a number of factors including, but not limited to, those detailed from time to time in the Company's Annual Reports. The Company makes no undertaking to subsequently update or revise the forward-looking statements made in this release to reflect events or circumstances after the date of this release.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

ORBITAL CORPORATION LIMITED

ABN

32 009 344 058

Quarter ended ("current quarter")

March 2026

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,565	6,988
1.2 Payments for		
(a) research and development	0	0
(b) product manufacturing and operating costs	(1,825)	(3,233)
(c) advertising and marketing	(38)	(105)
(d) leased assets		
(e) staff costs	(583)	(5,223)
(f) administration and corporate costs	(584)	(2,051)
1.3 Dividends received (see note 3)		
1.4 Interest received	97	128
1.5 Interest and other costs of finance paid	(18)	(109)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	827	4,121
1.8 Other (provide details if material)		
<i>Cost recharge</i>	6	122
1.9 Net cash from / (used in) operating activities	(553)	638
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(93)	(181)
(d) investments		
(e) intellectual property	(726)	(1,873)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	(f) other non-current assets Proceeds from disposal of: (a) entities (b) businesses (c) property, plant and equipment (d) investments (e) intellectual property (f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(819)	(2,054)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	0	3,000
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	0	(242)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
	(a) principal elements of lease payments	(274)	(827)
	(b) principal elements of sublease payments	143	436
3.10	Net cash from / (used in) financing activities	(131)	2,367

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,512	1,080
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(553)	638
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(819)	(2,054)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(131)	2,367
4.5	Effect of movement in exchange rates on cash held	(7)	(29)
4.6	Cash and cash equivalents at end of period	2,002	2,002

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,002	3,685
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,002	3,685

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(60)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	2,000	0
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	2,000	0
7.5 Unused financing facilities available at quarter end		2,000
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
Unsecured working capital loan facility provided by shareholders, with interest accruing at a rate equal to the aggregate of 3-month bank bill rate plus a 2% margin. The lenders are UIL Limited and Boneyard Investments Pty Ltd.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(553)
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,002
8.3 Unused finance facilities available at quarter end (item 7.5)	2,000
8.4 Total available funding (item 8.2 + item 8.3)	4,002
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	7.2
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: n/a	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: n/a	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: n/a	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 April 2026

Authorised by: BOARD OF DIRECTORS

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.